

WINSTEAD



April 18, 2001

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klee@winstead.com

VIA OVERNIGHT DELIVERY

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Suite 700
Washington, D.C. 20423-001

RECORDATION NO. 22641 - C
APR 22 '02 2:26 PM
SURFACE TRANSPORTATION BOARD

Re: Sterling Bank/James C. Graves

Dear Mr. Williams:

On behalf of Sterling Bank, I hereby submit for filing and recording an executed original of a secondary document, entitled Ratification of Previously Executed Railroad Car Mortgages, Security Agreements, Assignments of Interest in Leases and Financing Statements ("Ratification") dated as of February 15, 2002. The Ratification is a ratification of certain collateral referenced in that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated December 17, 1999 between James C. Graves and The James C. Graves Living Trust, as Mortgagor, and Sterling Bank, as Mortgagee, which was duly filed on December 21, 1999 in accordance with 49 U.S.C. 11303 (a) under Recordation Number 22641.

The parties to the Ratification are:

Sterling Bank, as Mortgagee
13111 Westheimer Road
Houston, Texas 77077

James C. Graves and The James C. Graves
Living Trust, as Mortgagor
10077 Grogan's Mill Road, Suite 450
The Woodlands, Texas 77380

A short summary of the Ratification is as follows:

Ratification of Previously Executed Railroad Car Mortgages, Security Agreements, Assignments of Interest in Leases and Financing Statements dated as of February 15, 2002, between Sterling Bank, as Mortgagee, and James C. Graves and The James C.

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910 TRAVIS STREET
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WINSTEAD SECUREST & MINICK
Attorneys and Counselors
A Professional Corporation

Austin, Dallas, Fort Worth,
Houston, Mexico City,
The Woodlands, Washington D.C.

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Graves Living Trust, as Mortgagor, pursuant to which Mortgagor acknowledges that the collateral secures additional indebtedness of Mortgagor to Mortgagee.

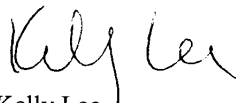
The said Ratification acts to reaffirm the liens in the two (2) GLNX railroad cars described below:

GLNX 3005
GLNX 3443

Enclosed is a check in the amount of \$30.00 in payment of the filing fee. The file-stamped copy of the Ratification should be returned to the undersigned at 910 Travis, Suite 2400, Houston, Texas 77002.

Thank you for your assistance and don't hesitate to contact me at (713) 650-2761 if you have any questions or need additional information.

Very truly yours,



Kelly Lee
Paralegal

Enclosures

cc: Mitchell S. Schulman (w/enclosures)
Andrew Paur, Esq. (Firm)

RECORDATION NO. 22641-C FILED
APR 22 '02 7:38 PM
SURFACE TRANSPORTATION BOARD



**RATIFICATION OF PREVIOUSLY EXECUTED RAILROAD CAR
MORTGAGES, SECURITY AGREEMENTS, ASSIGNMENTS OF
INTEREST IN LEASES AND FINANCING STATEMENTS**

This is a secondary document and is a ratification of that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated December 17, 1999 between James C. Graves and The James C. Graves Living Trust, as Debtors, and Sterling Bank, as Secured Party, which was duly filed on December 21, 1999 in accordance with 49 U.S.C. 11303 (a) under Recordation Number 22641.

MORTGAGOR: JAMES C. GRAVES AND
THE JAMES C. GRAVES LIVING TRUST
10077 Grogan's Mill Road, Suite 450
The Woodlands, Texas 77380

MORTGAGEE: STERLING BANK
13111 Westheimer Road
Houston, Texas 77077

COLLATERAL: Railroad cars bearing the numbers below:

GLNX 3005
GLNX 3443

**RATIFICATION OF PREVIOUSLY EXECUTED
RAILROAD CAR MORTGAGES, SECURITY AGREEMENTS, ASSIGNMENTS OF
INTEREST IN LEASES AND FINANCING STATEMENTS**

This Ratification, dated as of the 15th day of February, 2002, is by and between JAMES C. GRAVES, an individual, and THE JAMES C. GRAVES LIVING TRUST (hereinafter collectively referred to as the "Pledgor"), both of whom's address for notice purposes is 3139 Chipper's Crossing, Montgomery, Texas 77356 for the benefit of STERLING BANK, a Texas banking association (the "Secured Party") whose address is P. O. Box 40333, Houston, Texas 77240-0333.

RECITALS:

WHEREAS, the Pledgor has heretofore executed that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated on or about November 30, 1998 (as the same may have been previously ratified and amended, "Security Agreement A"), covering and describing forty-nine (49) rail cars and management agreements related thereto ("Collateral A") and that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated as of December 17, 1999 (as the same may have been previously ratified and amended, "Security Agreement B") (Security Agreement A and Security Agreement B are collectively, the "Security Agreement"), covering and describing thirteen (13) rail cars and management agreements related thereto ("Collateral B") (Collateral A and Collateral B hereinafter referred to as the "Collateral");

WHEREAS, the Secured Party has previously executed that One Certain Partial Release Of Railroad Car Mortgage And Security Interest, releasing its lien in eleven (11) of the rail cars described in the above-referenced Security Agreement;

WHEREAS, the Security Agreement was executed and delivered to secure the payment of certain obligations of the Pledgor, including that certain promissory note dated as of November 30, 1998 in the maximum principal sum of \$300,000 ("Note A"), that certain promissory note dated as of November 30, 1998 in the maximum principal sum of \$100,000 ("Note B"), that certain promissory note dated as of November 30, 1998 in the original principal sum of \$1,275,000 ("Note C"), that certain promissory note dated as of December 17, 1999 in the original principal sum of \$400,000 ("Note D"), and that certain promissory note dated as of August 15, 2001 in the original principal amount of \$400,000.00 executed by James C. Graves and Angela Graves ("Note E"), all executed by Pledgor (except for Note E) and payable to the order of Secured Party (Note A, Note B, Note C, Note D, and Note E are collectively referred to herein as the "Notes");

WHEREAS, the benefits of the Secured Party under the Security Agreement and the Notes are still owned and held by the Secured Party;

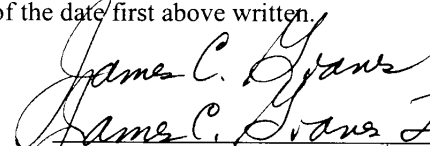
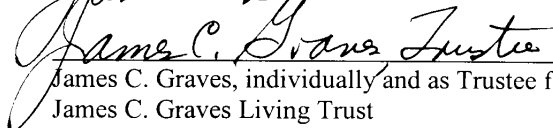
WHEREAS, the Pledgor desires to pledge the collateral to secure additional indebtedness in the form of a \$397,921 loan to be made by the Secured Party to James C. Graves and Angela Graves; and

WHEREAS, in connection therewith, Pledgor desires to ratify the Security Agreement.

NOW, THEREFORE, in consideration of the foregoing, the benefits to be derived by the Pledgor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Pledgor, the Pledgor hereto agrees as follows:

1. ADVANCE OF ADDITIONAL CREDIT. The Pledgor has requested that the Secured Party advance, based upon the collateral described in the Security Agreement, and to be secured by the collateral in the Security Agreement, \$397,921 to James C. Graves and Angela Graves.
2. WARRANTIES, REPRESENTATIONS AND COVENANTS. The warranties, representations and covenants of Pledgor contained the Security Agreement are hereby remade by the Pledgor to the Secured Party and are in full force and effect as of the date hereof.
3. REAFFIRMATION OF SECURITY AGREEMENT. To secure the secured indebtedness described in the Security Agreement, including, but not limited to, the \$397,921 Note described herein payable to the Secured Party by James C. Graves and Angela Graves, together with all renewals, extensions, rearrangements thereof, Pledgor has granted, assigned, transferred and conveyed and by these presents does grant, assign, transfer and convey a security interest in and to the Collateral for the benefit of Secured Party.
4. TERMS DEFINED. As used herein, all terms not defined herein shall have the meaning ascribed to them in the Security Agreement.
5. MISCELLANEOUS. This Agreement shall be considered as an amendment and ratification to the Security Agreement, and except as herein expressly amended, the Security Agreement is hereby ratified, approved and confirmed in every respect, all references to the foregoing Security Agreement and any documents heretofore executed or hereafter executed shall be deemed to refer to the Security Agreement as amended by this instrument.

EXECUTED by the Pledgor as of the date first above written.



James C. Graves, individually and as Trustee for the
James C. Graves Living Trust

STATE OF TEXAS

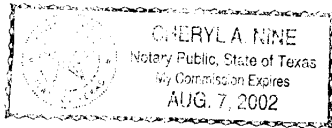
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COUNTY OF HARRIS

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On this 27 day of March, 2002, before me personally appeared JAMES C. GRAVES, to me personally known, who being by me duly sworn, says that his execution of the foregoing instrument was his free act and deed.



Cheryl A. Nine
Notary Public in and for
the State of Texas

STATE OF TEXAS

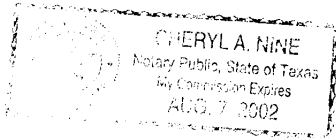
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COUNTY OF HARRIS

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On this 27 day of March, 2002, before me personally appeared James C. Graves, to me personally known, who being by me duly sworn, says that he is the Trustee of THE JAMES C. GRAVES LIVING TRUST and he acknowledged that the execution of the foregoing instrument was the free act and deed of said trust.



Cheryl A. Nine
Notary Public in and for
the State of Texas